

FISCAL IMPACT STATEMENT ON BILL NO. **H4400**  
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TO:	The Honorable James H. Harrison, Chairman, House Judiciary Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Earle Powell, Bob Stein, Torina Wood, Bryce Wilson, Kenneth Brown, Allan Kincaid, Rodney Grizzle		
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AUTHOR:	Representative Harrell	PRIMARY CODE CITE:	8-11-1310
SUBJECT:	Illegal Aliens		

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

See Below

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**BILL SUMMARY:**

House Bill 4400 is a comprehensive immigration reform bill that addresses illegal aliens in S.C. in areas such as public employment, public benefits, harboring of illegals and higher education benefits.

**EXPLANATION OF IMPACT:**

State Budget and Control Board

Section 1 of the Bill requires public employers and those who contract with public agencies to participate in a federal work authorization program for employment verification. Currently, employers may participate in this program without charge. However, if the number of employers using the system continues to grow, there is a potential that a charge would be required for participation. This could result in additional cost to state agencies along with costs for training employees.

Regarding procurement, state and local governmental entities may experience increased costs from government contractors as their costs increase for participating in the employee verification program. With increased costs to contractors, this may result in fewer contractors seeking business with the state and local governments thereby impacting the costs for services.

Department of Transportation

The Department indicates that the provision requiring a 5% penalty against contractors could have an indirect impact on SCDOT. SCDOT expects that any risk of these penalties will be passed to SCDOT by the contractors in the form of increased bid prices. SCDOT's construction budget is approximately \$400 million per year.

Department of Labor, Licensing and Regulation

Section 40-91-40(K) requires the Department to create a new regulatory program to register all individuals who provide immigration assistance services. Based on past experience with new regulatory programs, the Department estimates annual costs at \$133,080 (\$94,080 in salaries and fringe benefits for 2.10 FTEs and \$39,000 in operating expenses). It is assumed this would impact General Fund expenditures since there is no reference in the Bill to the collection and retention of fees.

#### Commission for Minority Affairs

This Bill would require the Commission to establish and maintain a 24 hour toll free telephone number and website for the reporting of immigration violations. This would result in a recurring cost to the General Fund of the State totaling \$167,780. Costs of \$101,878 would cover salary and fringe benefits for Two (2.00) FTE positions and \$65,902 in operating expenses. One-time costs of \$25,400 would be needed to cover the cost of the call center, database equipment and software. Total first year cost for the Commission is estimated at \$193,180.

#### Employment Security Commission

The Employment Security Commission reports there are approximately 100,000 employers statewide. Enactment of this Bill would require two separate mailings at a total cost of \$93,188. This cost includes \$3,020 in mailing supplies (i.e., paper and envelopes), \$6,600 in contractual services to fold and stuff mailings and address envelopes, \$1,568 in salaries and employee benefits to print the required notices, and \$82,000 in postage for 200,000 mailings. It is assumed additional General Funds would be required to fulfill the requirements of the Bill.

#### Commission on Higher Education (CHE)

Section 59-101-430(A) require the colleges to institute a process to verify enrollees are lawfully present in the United States. Implementation cost would depend on actual verification requirement procedures. Colleges and universities may have to conduct background checks at an approximate cost of \$25 per student for all students enrolled after enactment of this Bill. First time freshman entering public institutions in Fall 2007 totaled 35,257. Any additional costs could be covered with General Fund and/or Tuition and Fee (other) revenue.

#### State Law Enforcement Division

Based on a review of this Bill and pending the level of enforcement, the number of agents required to implement the provisions of this Bill cannot be determined at this time. The annual cost to the General Fund of the State for each agent is approximately \$65,774 with a one-time cost of \$42,900 for vehicle and equipment.

#### Department of Health and Environmental Control

The Agency has been forwarded a copy of the Bill, but to date, has not submitted impact of the proposed Bill.

#### Other Agencies

The Department of Health and Human Services, the Department of Revenue, the Department of Social Services and the Division of Motor Vehicles each indicate enactment will have no impact on expenditures or a minimal impact which can be absorbed at the current level of funding.

#### Recapitulation

Total identifiable first year General Fund costs are estimated at \$419,448 and 4.10 FTEs. Recurring General Fund costs annually thereafter are estimated at \$300,860. Enactment could indirectly impact procurement contracts for services to State agencies including road projects and may have an impact on the Colleges and Universities as well as the State Law Enforcement Division.

**LOCAL GOVERNMENT IMPACT:**

A survey of local governments was performed and two counties estimated costs of \$40,000 per year for administrative personnel and operating expenses if this Bill was passed.

**SPECIAL NOTES:**

None.

Approved by:

A handwritten signature in cursive script that reads "Harry Bell". The signature is written in black ink and is positioned below the "Approved by:" text.

Harry Bell  
Assistant Director, Office of State Budget